

Slowly adopting a profit ethos

Academics are starting to embrace the concept of selling their ideas, writes Rachel Nickless.

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The commercialisation of intellectual property is being impeded by a cultural divide between industry and higher education, says the Productivity Commission. In its draft report *Public Support for Science and Innovation*, the commission notes that research organisations and firms have different expectations about the ownership of intellectual property.

"Cultural differences of this nature may be a cause for concern when they impose excessive transaction costs, increase risk and uncertainty or are a barrier to resolving key issues," it says.

It adds that governments, already supporting the development of stronger linkages between research organisations and firms, have only a "limited role" in breaking down the divide. The commission cites the Australian Institute for Commercialisation's view that "there are still significant challenges in matching the ethos and culture of researchers and their institutions within the time frames and economic imperatives of the business community".

Australian universities earned just \$49 million from licensing income in 2002 and of that \$28 million went to University of Queensland alone, according to the Department of Education, Science and Training.

The news from the front line of university research is not, however, all bad. The sector is slowly shifting gear and driving its research efforts towards industry needs.

As Education Minister Julie Bishop has observed: "Universities are increasing their focus on commercialisation activities, including employing more commercialisation support staff, and are earning income from licences at a rate which is greater than the United Kingdom and comparable to Canada."

She is keen to promote two



Australian universities earned \$49 million from licensing income in 2002.

Photo-illustration: KARL HILZINGER

strategies in particular to develop a "culture of commercialisation", namely "greater business collaboration in the leadership of universities and a greater focus on university strengths".

The University of New England has carved a niche for itself in the agricultural industry. While this regional university has a lower profile than its sandstone sisters, the latest DEST figures ranked it third in generating licensing fees in 2002.

UNE's biggest earner is Breedplan, a package providing a genetic evaluation system for beef cattle breeders. It is based in Australia, with clients worldwide. UNE pro-vice-chancellor, research, Peter Flood says it generates \$6.5 million a year in income.

He argues it is crucial to ensure "all researchers know what they can get out of commercialisation personally" to encourage them to come forward and identify research that could be commercialised. "The commercialisation culture is embraced enthusiastically when academics realise that IP is also an acronym for 'individual profit'."

UNE runs education sessions for staff about intellectual property rights and ensures researchers are aware they get a third of net profits from commercialisation of their work. This third is shared between the academic and any student who has played a significant role in the research, in proportion with their role. Flood recommends monitoring student involvement on a six-monthly basis, to ensure they get financial recognition.

The University of Queensland is the leader. In 2002, it grossed \$US20.5 million in licensing fees.

The CSIRO was a distant second, pocketing \$7.5 million while UNE came in third with \$4.3 million.

Peter Isdale, chief executive of IMBcom, UQ's company for commercialising technology from its Institute for Molecular Bioscience, adds that IMBcom alone has established 10 biotechnology spin-out companies since 2000, with a total of \$64 million invested in them.

Last month Protagonist, a Queensland biotechnology company that uses research from IMB, raised \$US9 million

(\$11.6 million) in venture capital to develop new drugs for disorders such as asthma and arthritis.

Isdale believes UQ's success is partly because of an "extremely supportive" leadership team. "I think there are some universities, in this country and internationally, that don't see commercialisation in such a light," he says.

IMBcom invented a three-day immersion course for PhD students and other research staff on all aspects of commercialisation.

The program is now run around
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the country, Isdale says. A key element is "exposing participants to successful individuals who have been from the bench to the bank".

UQ also uses celebration to drive home the commercialisation message. At its Enterprise competition on October 13 the winner scored \$100,000 plus 12 months of mentoring.

Macquarie University also uses recognition and celebration to change the ivory tower's attitudes to business, and this month holds its third annual innovation awards dinner for staff and students.

While it is standard for universities to offer researchers a third of net profit from commercialisation of research, Macquarie is among the few to offer researchers up to half of net profit.

Iain Rothwell, managing director of the university's commercial arm, Access Macquarie, says this generosity can play a part in snaring "entrepreneurial academics" but ultimately what is most attractive is "the capacity of the institution to successfully commercialise research outcomes".

Another key is giving academics work flexibility — either by allowing part-time work or time off to pursue ventures in the business world, he says. "Macquarie doesn't see a successful academic career and a commercial venture as mutually exclusive and we facilitate the two occurring together where possible."

Currently, 18 Macquarie academics hold a traditional academic position while also spending time in a commercial entity. "In many other universities this would not be possible," he says.

Macquarie is also heavily involved in educating researchers about the commercialisation process. From next March, all Macquarie PhD students will be required to attend short courses on the subject and academic staff will be strongly encouraged to attend.

Macquarie Institute for Innovation is also set to train staff and students at other institutions from December, having won a bid to deliver commercialisation short courses to PhD students at the universities of NSW and Melbourne and the Australian National University, who are partners in National ICT Australia.

NICTA is a federally funded consortium that conducts research in information technology. In Western Australia, Murdoch University's partnership with a major superannuation fund is also helping to drive cultural change.

Murdoch Westscheme Enterprise Partnership investment manager Howard Carr says Australia's research and development industry is largely misdirected because efforts and funds are not focused on

"There's a long way to go to fully exploit commercialisation."

projects that will achieve a commercial return.

He argues the partnership structure helps to "remove the adversarial relationship between investors and researchers".

MWEP has a \$10 million early-stage (or "pre-see") fund for equity investment. It invests only in projects from Murdoch University and other institutions that meet strict investment criteria and academics can gain up to half of all

net profits from commercialisation.

Among the cultural change projects MWEP runs is its Silobusters competition, where an existing commercial problem is posted online and biotechnology experts from the university suggest solutions. Staff vote on the suggested solutions. MWEP then holds a party to discuss winning ideas. "We are trying to create fun around it, but it's about getting market intelligence to the university," Carr says.

MWEP is just one of several similar funds, including UQ's Uniseed fund, which has more than \$60 million for seed funding.

The Australian National University, with the Motor Trades Association of Australia Superannuation Fund, has set up a \$30 million seed fund. The University of Western Australia has a \$750,000 internal fund.

Despite the promising signs, Bishop acknowledges "there is still a long way to go to fully exploit the commercialisation potential".

Even UQ earned millions of dollars less than the average licensing income for the top 20 per cent of US research institutions.